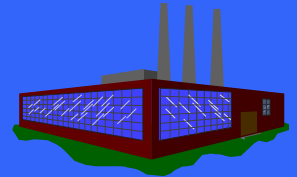


Defense Investigative Service

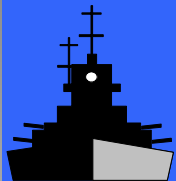


***A Briefing on the National Industrial Security Program
for Contracting Officers and Others
Supporting the Classified Procurement Process***

DIS & the Contracting Community



- *DIS provides security countermeasure expertise to industry on behalf of the U.S. military departments, Defense agencies, and non-DoD User Agencies*
- *DIS works in partnership with industry to establish and maintain security systems which provide protection to classified information*



Defense Investigative Service

I. Personnel Security Investigations Program

DIS Special Agents conduct the majority of personnel investigations in the federal

government serving both government and industry customers

Defense Investigative Service
Two Principal Missions:



Defense Investigative Service

Two Principal Missions:

II. Industrial Security Program

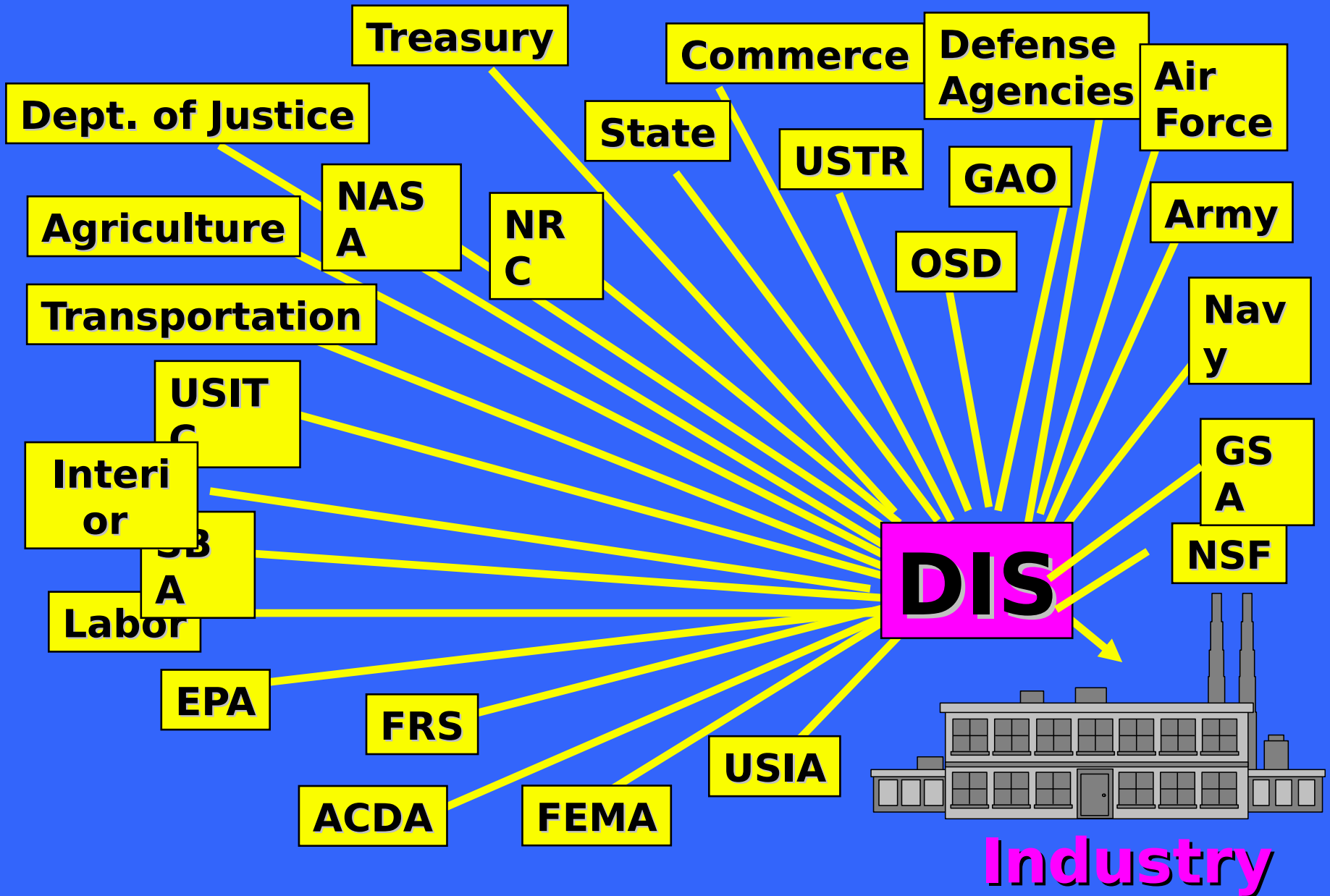
***DIS has industrial
security oversight
and assistance
responsibility for
over 11,000 cleared
facilities
participating in the
National Industrial
Security Program
(NISP)***



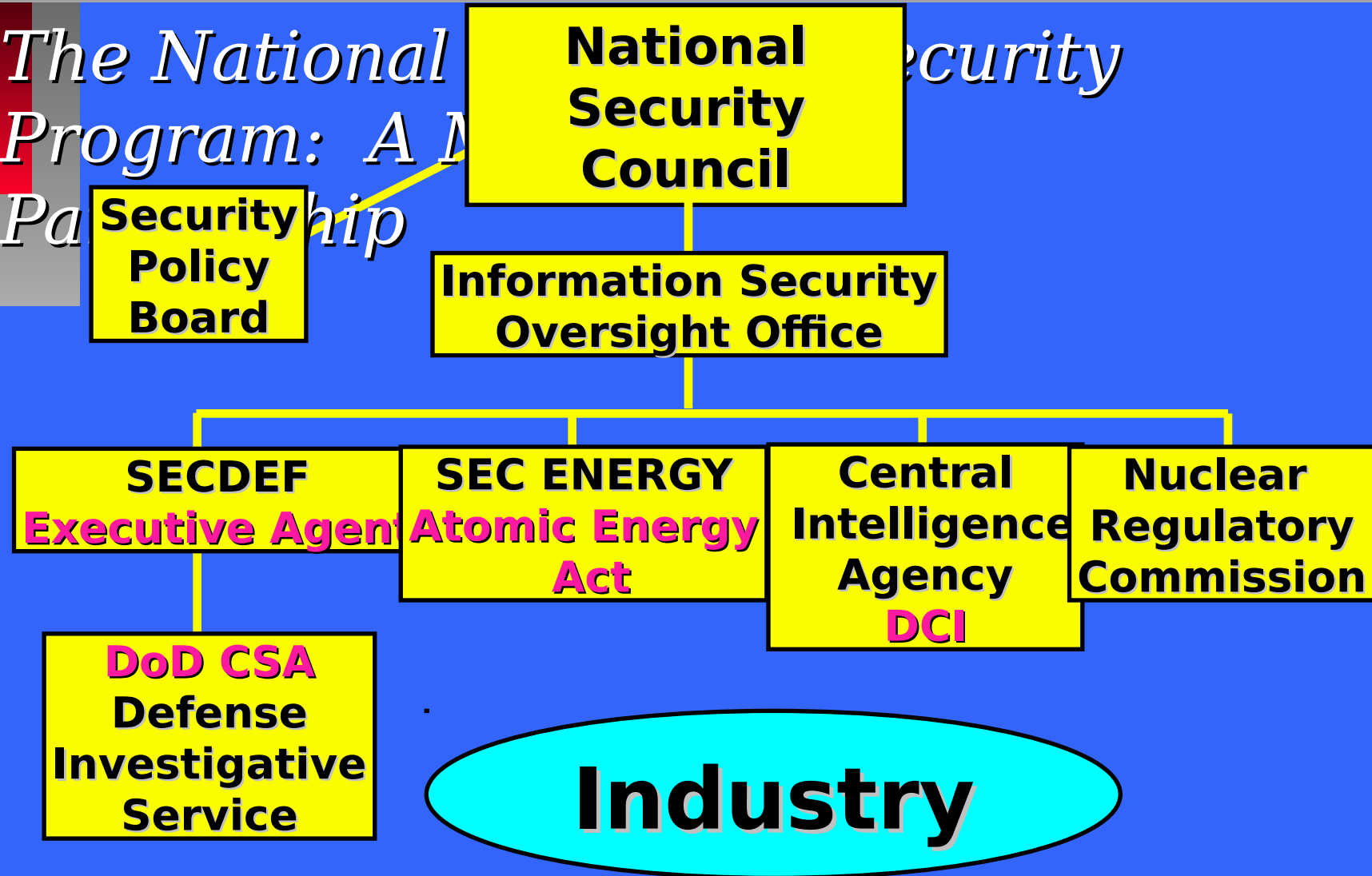
The Industrial Security Program:

- **Event-driven security reviews, COMSEC Account reviews and advice and assistance to industry**
- **CI threat information and security education to industry**
- **Assistance to UAs on industrial security matters, including security assessments for contractors located on government sites**
- **Review and adjudication of FOCI cases for cleared facilities**
- **Inquiries into security violations resulting in the loss or compromise of classified information**

DIS' Government Customers



*The National
Program: A
Partnership*



The “NISPOM”

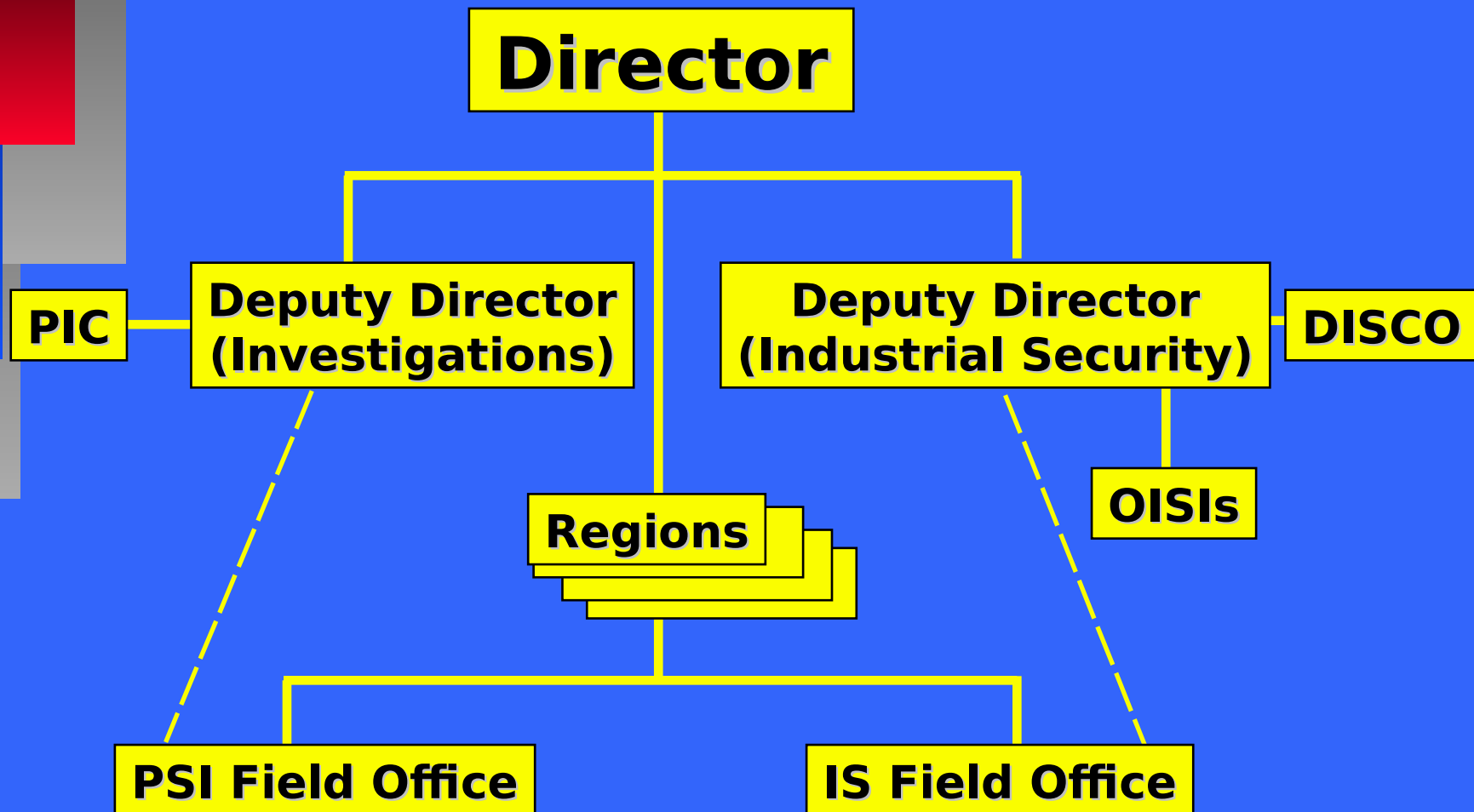
- ***NISP Operating Manual***
- ***Published by SECDEF as Executive Agent for the NISP***
- ***Four Signatories: DoD, DoE, CIA, NRC***
- ***Describes Industry's responsibilities for protecting classified information***

The DIS Team: A Government/Industry Partnership

***Support for the NISP
comes from three
sources:***

- ***DISCO***
- ***DIS Field Elements***
- ***DoDSI***

Organization of the Defense Investigative Service



What is Industrial Security?

- ***Element of information security program***
- ***Protection of Government classified information in the custody of Industry***
- ***Often an essential component of the Acquisition Systems Protection Program (ASPP)***

Acquisition Systems Protection Defined:

- ***Tailored application of countermeasures to specific threats and vulnerabilities of an acquisition program***
- ***Produces a cost-effective, secure environment for DoD critical technology throughout the procurement process***

Background: The Acquisition Systems Protection Program (ASPP)

***(1991) DoD Directive
5000.1, “Defense
Acquisition,” and DoD
Instruction 5000.2, “Defense
Acquisition Policies and
Procedures,” established the
ASPP within the DoD***

ASPP cont.

- ***(1994) DoD Manual 5200.1-M: Applied risk management theory to ASPP***
- ***(1994) Joint Security Commission Report: Set future direction of national security efforts***

Core of the ASPP Concept: “EPITS”

***Identification of
Essential Program
Information, Technology,
or Systems (EPITS) for
each acquisition
program***

Assessing the Risk: The “PPP”

Once EPITS are identified:

Intel Community IDs countries which have an interest and capability to collect information

- ***Security Specialists identify program's vulnerabilities***
- ***Program Protection Plan (PPP) formulated: Outlines plan for security of the system throughout its life cycle***

The PPP: A Single Source Plan for Security of the System Throughout its Life Cycle

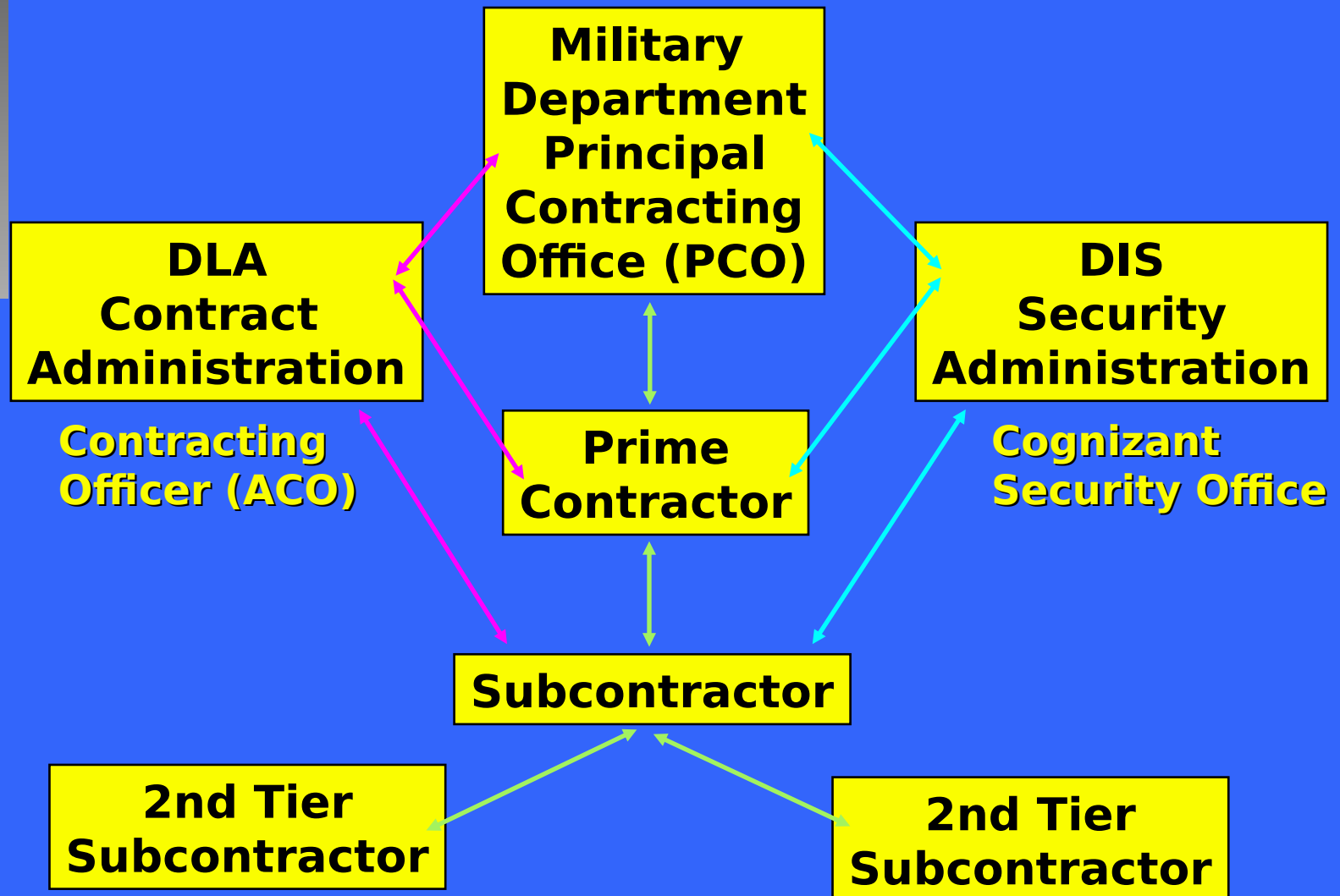
- ***Consists of a Technology Assessment/Control Plan***
- ***Time-or event-phased Security Classification Guide***
- ***System Security Engineering Management Plan***

The Role of DIS and the UA in the Acquisition Process

Relationship begins when a determination is made that industry will require access to classified information at one or more stages in the acquisition process, i.e., solicitation, bid/proposal, evaluation, award or delivery

Contract Relationships

Classified Contract



Security and the Acquisition Process

- ***Security must be considered at the outset***
- ***Failure to address security concerns impacts upon cost and performance***
- ***Good communication between contracting, security personnel and program managers is essential***
- ***Security classification guidance is responsibility of the Program Manager***

Security and the Acquisition Process

- ***Allow adequate time to clear uncleared firms or upgrade existing facility clearances***
- ***DIS IS Reps conduct facility clearance surveys to determine firm's eligibility for a facility clearance***
- ***FCLs can take anywhere from 3-6 months or longer***

Key FCL Criteria

- ***Key Management Personnel (e.g., President, Chairman of the Board, Facility Security Officer) must be cleared***
- ***Any Foreign Ownership, Control or Influence (FOCI) must be adjudicated and mitigated***

Facility Clearance (FCL) Concept

- ***In order for employees of a business entity (e.g., corporation) to have access to classified, entity must have FCL***
- ***In order for operating location of entity (e.g., division) to have possession of classified, FCL and safeguarding capability required***

Basic Requirements for a Facility Security Clearance

- ***Contractor must require access to classified information***
- ***Contractor must be organized and existing under state law, and must be located in the U.S. or its territorial areas or possessions***
- ***Contractor must have a reputation for integrity and lawful conduct in its business dealings***
- ***The contractor and its key managers must not be barred from participating in Government***

DoD Security

Agreement

■ ***Contractor Agrees***

- ***Establish an effective industrial security program***

■ ***Government Agrees***

- ***Classify information***
 - ***Grant clearances***
 - ***Assist contractor facilities***
- ### ■ ***Allows termination by either party with 30 days notice***

Contracting Officer Responsibilities

- ***Determine need for contractor to have access to classified information***
- ***Verify clearance status of perspective contractor***
- ***If contractor does not have a facility clearance or safeguarding capability, request DIS take clearance action***
- ***Unnecessary clearance actions are costly and divert DoD resources***

Contracting Officer Responsibilities

- ***RFQs, RFPs, IFPs and IR&D solicitations must accurately reflect the security requirements both for the procurement process and contract performance***
- ***Include in Statement of Work***
- ***DFAR imposes security requirements on contractors***

Where Are Requests for Facility Security Clearances Submitted?

- ***Requests for new FCLs are submitted to the Facility Clearance Branch (S0834) at the Defense Industrial Security Clearance Office (DISCO) in Columbus, Ohio.
(614) 692-5255/5256/5257***
- ***FAX: (614) 692-5260/1110***
- ***FCLs Verified by Central Verifications Activity (410) 865-2720/2721***

Contracting Officer Responsibilities cont.

- ***Provide contractor security classification guidance - Incorporate in the DD Form 254***
- ***PCO or his/her representative signature required***
- ***Include original DD Form 254 with every RFQ, RFP, IFP, other solicitation or follow-on contract***
- ***Issue final DD Form 254 upon final delivery of goods or services or on termination of contract***

Contracting Officer Responsibilities: The DD Form 254

- ***Identifies security requirements and classification guidance needed to receive, protect and respond to the solicitation request, and/or perform on a classified contract***
- ***Indicates clearance level for overall tasking and safeguarding requirements if any***

The DD Form 254 cont.

- ***Special Access Program (SAP) Information?***
- ***Use of ADP equipment to process classified?***
- ***Sensitive Compartmented Information (SCI)?***
- ***Communications Security (COMSEC)?***
- ***Access to classified overseas?***
- ***Other requirements unique to the program or procurement?***
- ***Identify cognizant DIS industrial security field office***

Contracting Officer

Responsibilities cont.

- ***Periodically review security requirements with program office. Issue revised DD Form 254 if significant changes occur***
- ***Review/respond to contractor requests for public release***
- ***Tailor DD Form 254 to contract performance***
- ***If “follow-on” contract, reference classification guidance for preceding contract in the DD Form 254***

Contracting Officer

Responsibilities: Special Situations

- **Basic Ordering Agreements - A single DD Form 254 may be issued unless product/services require specifications different from that provided for overall contract**
- **Contracts Requiring Limited Classification Guidance - Contracts which involve no actual knowledge/generation of classified but individuals need to be present in areas accessible to classified - ACO/PCO signature is not required when issued by Prime to Sub**

Contracting Officer

Responsibilities: Subcontracting

- ***If Prime employs a Sub, they issue a DD Form 254 to Sub***
- ***“254” must address all critical issues***
- ***Questions of adequacy must be resolved between Prime, Sub, Contracting and/or UA Program Office***

Contracting Officer Responsibilities: Regrading & Declassification

- ***Timely notification to contractor of regrading or declassification actions. May require reissuance of DD Form 254***
- ***If unclassified material (previously released to contractor) is upgraded to classified, advise via U.S. Certified Mail or secure communications***
- ***Resolve classification guidance problems. Often requires assistance/intervention of UA program office***

The DD Form 254 cont.

Minimum Distribution:

- ***ACO***
- ***Prime Contractor***
- ***Subcontractor (if applicable)***
- ***Local DIS IS Office of the Prime and Subcontractor***

The Goal: Security that is Threat-Appropriate, Rational & Cost-Effective

- ***Threat-Appropriate:*** Countermeasures appropriate to known or suspected threats
- ***Rational:*** A “common sense” approach to problem solving
- ***Cost-Effective:*** Balance between effective security countermeasures and relative costs

DIS Counterintelligence Initiative

***“A critical element
necessary to make smart
security decisions is
reliable, usable,
intelligence data
defining the threat”***

**Redefining Security
a report by the Joint Security
Commission**

DIS CI Integration Initiative cont.

■ Authorized in 1994 by ASD (C3I)

Objectives:

- ***Integrate CI with DIS' SCM mission***
- ***Infuse CI experience & knowledge***
- ***Support Industry's involvement in the international market while increasing awareness***
- ***Assist industry in recognizing and reporting instances of suspected foreign intelligence collection activities***

DIS CI Integration Initiative cont.

- ***Personnel Security Investigations:*** *Early identification and referral of cases involving possible espionage*
- ***Industrial Security:*** *Provide industry with answers to:*
 - *Who is targeting us?*
 - *What are they targeting?*
 - *What are the MO's being used?*

Industry Plays an Important Role:

- ***Contractors are required to report efforts to obtain illegal or unauthorized access to classified information or to compromise a cleared employee***
- ***Enables the development of “threat profiles” for individual facilities***
- ***Assists the Intel Community in determining what the***

CI Ongoing & Future Initiatives

- ***Focus on contractor facilities/employees with frequent contacts with foreign interests***
- ***Assist in the provision of appropriate threat information for individual contractor facilities***
- ***Facilitate coordination with local CI community***

Other Supported Programs

- ***Key Asset Protection Program (KAPP) - DIS assists FORSCOM by conducting surveys and site visits of DoD assets critical to production and mobilization, deployment and military operations***
- ***IS Reps assess each site's vulnerability to sabotage and other hostile or destructive acts***

Other Supported Programs

- ***Arms, Ammunition & Explosives (AA&E) Program***
 - ***DIS supports the DoD AA&E Program by assessing contractor compliance with the physical security provisions contained in contracts involving sensitive conventional AA&E***
- ***IS Reps conduct on-site inspections of contractors identified by the Military Departments to assess their ability to protect sensitive AA&E***

DIS Oversight of Special Access Programs

- ***DIS' involvement in SAP oversight continues to expand***
- ***Largest customer is the U.S. Army, which has turned over all its procurement SAPs to DIS***
- ***DIS IS Reps oversee protection of critically sensitive program information, assess physical safeguards, provide security education, and collaborate with SAP SPO/PMO to ensure effective and cost effective SAP security***

Industrial Security International Mission

- ***Delegated DoD responsibility regarding industrial security issues resulting from bilateral security agreements***
 - ***Implementation of security requirements for foreign government classified contracts***
 - ***Serve as government representative in import/export.***
 - ***Primary focal point for foreign governments on industrial security issues***
- ***Specific role identified in ITAR relative to transfer of classified information***
 - ***Ensure what is being transferred is consistent with export approvals***
 - ***Ensure appropriate supporting security measures are in place***
 - ***Facilitate the exchange***

The Offices of Industrial Security International (OISI)

- ***Assist U.S. industry overseas through offices in Belgium, Germany, Melbourne FL, and San Diego CA. Primary source for security training in high threat locations***
- ***Offices of record for personnel security clearance and security assurance data on U.S. contractors assigned in their regions***
- ***Provide liaison to U.S. Military and civilian agencies***
- ***Conduct security briefings and provide CI threat data***

DIS Provides A Unique Government Service

***By lending our industrial security,
personnel security and AIS
security expertise to assist in the
protection of classified
information critical to the
preservation of our nation and its
economic future.***

***For nearly 25 years DIS has
provided a full range of security
countermeasures assurances to
government and industry. We
look forward to providing our
expert assistance to you.***